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STATE OF NEW JERSEY

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CASINO CONTROL COMMISSION

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PUBLIC MEETING NO. 11-07-13

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Wednesday, July 13, 2011

10

Atlantic City Commission Offices

11

Joseph P. Lordi Public Meeting Room - First Floor

12

Tennessee Avenue and Boardwalk

13

Atlantic City, New Jersey 08401

14

10:38 a.m. to 12:18 p.m.

15

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17

Certified Court Reporter: Darlene Sillitoe

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19

GUY J. RENZI & ASSOCIATES

20

GOLDEN CREST CORPORATE CENTER

21

2277 STATE HWY #33, SUITE 410

22

TRENTON, NEW JERSEY 08690

23

(609) 989-9199 - (800) 368-7652

24

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1 B E F O R E :

2 CASINO CONTROL COMMISSION:

3 LINDA M. KASSEKERT, CHAIR

4 EDWARD J. FANELLE, VICE CHAIR

5 SHARON ANNE HARRINGTON, COMMISSIONER

6 PRESENT FOR THE CASINO CONTROL COMMISSION:

7 DARYL W. NANCE, ADMINISTRATIVE ANALYST

8 DANIEL J. HENEGHAN, PUBLIC INFORMATION OFFICER

9 OFFICE OF THE GENERAL COUNSEL:

10 DIANNA W. FAUNTLEROY, GENERAL COUNSEL/EXECUTIVE
11 SECRETARY

12 MARY WOZNIAK, ASSISTANT GENERAL COUNSEL

13 SANDRA DeLIA, LEGAL SUPPORT SPECIALIST

14 DIVISION OF GAMING ENFORCEMENT:

15 DEPUTY ATTORNEYS GENERAL

16 JAMES C. FOGARTY, DEPUTY ATTORNEY GENERAL

17 TRACY E. RICHARDSON, DEPUTY ATTORNEY GENERAL

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1 A P P E A R A N C E S :

2 ITEM NO. 3 SANDRA DeLIA, LEGAL SUPPORT SPECIALIST
3 JAMES FOGARTY, DEPUTY ATTORNEY GENERAL
4 N. LYNNE HUGHES, ESQ.
5 FOR: CAESARS ENTERTAINMENT CORPORATION

6 ITEM NO. 4 MARY WOZNIAK, ASSISTANT GENERAL COUNSEL
7 TRACY E. RICHARDSON, DEPUTY ATTORNEY
8 GENERAL
9 COOPER, LEVENSON, APRIL, NIEDELMAN &
10 WAGENHEIM, PA
11 LLOYD LEVENSON, ESQ.
12 LYNNE LEVIN KAUFMAN, ESQ.
13 FOR: DGMB CASINO, LLC
14 AND GOMES GAMING NJ, LLC
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1	AGENDA		
2	PUBLIC MEETING NO. 11-07-13		
2	JULY 13, 2011, 10:38 a.m.		
	ITEM	PAGE	VOTE
3	1 Ratification of the minutes of the	8	8
	June 15, 2011, public meeting		
4	2 Applications for casino key employee		
	licenses and/or for qualifications		
5	I Initial casino key employee license	8	9
	Applications:		
6	a) Peggy A. Bunch-Morgan		
	b) Gary J. Canning		
7	c) Noel Galindo		
	d) Peter I. MacPherson		
8	e) Lynn M. Mazer		
	f) Steven R. Paul		
9	II Resubmitted casino key employees license	9	10
	applications:		
10	a) Cheryl M. Brantley	10	10
	b) Christina R. Brown		
11	c) Van Clayton Bryant		
	d) David Eng		
12	e) Robert L. Hudson, Jr.		
	f) Arvind K. Patel		
13	g) Carlos X. Ruales		
	h) Gerald Schafer		
14	i) Tracy D. Sconiers		
	j) Sandra H. Strickland		
15	k) Roberta J. Vroom		
	l) John Zapotochny		
16	III Applications for casino key employee		
	licenses and for qualifications:		
17	a) Sherry G. Amos	11	11
	b) John A. Arnesen	11	12
18	c) Anthony P. Celona	13	13
	d) Joseph A. Corbo, Jr. (resubmission)	13	14
19	e) Timothy A. Ebling	14	15
	f) Aaron D. Gomes	15	15
20	g) Matthew W. Howard	16	16
	h) David R. Hughes	16	17
21	i) Edward J. Llambias	17	17
	j) Nicholas F. Moles	17	18
22	k) Stephanie G. Nielson	18	19
	l) George E. Wackenheim	19	19
23	m) Robert A. Zitto	19	20
24	3 Consideration of the qualification of	20	23
	David B. Sambur to serve as a member of		

the board of directors of Caesars Entertainment
Corporation

1	CONTINUED	AGENDA		
		PUBLIC MEETING NO. 11-07-13		
2		JULY 13, 2011, 10:38 a.m.		
	ITEM		PAGE	VOTE
3	4	Application of DGMB Casino, LLC, and	23	93
		Gomes Gaming NJ, LLC, for plenary casino		
4		licensure to own and operate Resorts		
		Casino Hotel		
5		Dennis Gomes, sworn	31	
		Timothy A. Ebling, sworn	67	
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NO. 2	DESCRIPTION	ID	EVD
EL-1	Grant 6 licenses		X
EL-2	Grant 11 resubmitted licenses Remit for hearing 1 license		X
EL-3	Grant 13 licenses		X
NO. 4			
C-1	Draft Resolution	X	
D-1	DGE Report, 7-1-11, on plenary qualification of DGMB Casino, LLC, and Gomes Gaming NJ, LLC (Sealing Request)		X

(Exhibits retained by Commission.)

1 (Public Meeting 11-07-13 was commenced
2 at 10:38 a.m.)

3 MR. NANCE: Good morning. I'd like to
4 read an opening statement:

5 This is to advise the general public
6 that in compliance with Chapter 231 of the
7 public laws of 1975 entitled the "Open Public
8 Meeting Act," the New Jersey Casino Control
9 Commission on April 19, 2011, filed with the
10 Secretary of State at the State House in
11 Trenton, an annual meeting schedule. On April
12 20th, copies were mailed to subscribers.

13 Members of the press will be permitted
14 to take photographs. We ask that this be done
15 in a manner which is not disruptive or
16 distracting to the Commission.

17 The use of cell phones in the public
18 meeting room is prohibited.

19 Any member of the public who wish to
20 address the Commission will be given the
21 opportunity to do so before the Commission
22 adjourns for the day.

23 Please stand for the Pledge of
24 Allegiance.

(The flag salute was recited.)

ITEM NO. 1

1 CHAIR KASSEKERT: Good morning.

2 MR. NANCE: Good morning.

3 The matters discussed in closed session

4 were: Employee license matters.

5 The Commission approved the June 15th,

6 2011, closed-session minutes.

7 Litigation update regarding Edwards

8 versus Adamar of New Jersey, Inc., et al.

9 Item No. 1, ratification of the minutes

10 of the June 15th, 2011, public meeting.

11 COMMISSIONER HARRINGTON: Move that we

12 ratify the minutes.

13 VICE CHAIR FANELLE: Second.

14 CHAIR KASSEKERT: The motion has been

15 made and seconded. All in favor?

16 (Ayes.)

17 CHAIR KASSEKERT: Opposed?

18 (No response.)

19 CHAIR KASSEKERT: The motion carries.

20 MR. NANCE: Item No. 2, applications for

21 casino key employee licenses and for

22 qualification. This agenda item will be

23 entered as Exhibit List 1, 2, and 3.

24 Exhibit List 1 consists of the following

ITEM NO. 2

1 employee licenses: Peggy A. Bunch-Morgan, Gary J.
2 Canning, Noel Galindo, Peter I. MacPherson, Lynn M.
3 Mazer, and Steven R. Paul.

4 Staff and the Division have recommended
5 that these licenses be granted.

6 COMMISSIONER HARRINGTON: I move that we
7 grant initial key license applications.

8 VICE CHAIR FANELLE: Second.

9 CHAIR KASSEKERT: The motion has been
10 made and seconded. All in favor?

11 (Ayes.)

12 CHAIR KASSEKERT: Opposed?

13 (No response.)

14 CHAIR KASSEKERT: The motion carries.

15 MR. NANCE: Exhibit List 2 consists of
16 the following resubmitted casino key employee
17 licenses: Christina R. Brown, Van Clayton Bryant,
18 David Eng, Robert L. Hudson, Jr., Arvind K. Patel,
19 Carlos Rual -- Ruales, excuse me -- Gerald
20 Schafer, Tracy D. Sconiers, Sandra H. Strickland,
21 Roberta J. Vroom, and John Zapotochny.

22 Staff than the Division have recommended
23 that these licenses be granted.

24 COMMISSIONER HARRINGTON: I move that we

grant the resubmitted key licenses.

ITEM NO. 2

1 VICE CHAIR FANELLE: Seconded.

2 CHAIR KASSEKERT: The motion has been

3 made and seconded. All in favor?

4 (Ayes.)

5 CHAIR KASSEKERT: Opposed?

6 (No response.)

7 CHAIR KASSEKERT: The motion carries.

8 MR. NANCE: Also for your consideration

9 is the resubmitted casino key employee for

10 Cheryl Brantley.

11 The Division has objected to licensure.

12 COMMISSIONER HARRINGTON: I move that we

13 remand this case for a hearing.

14 VICE CHAIR FANELLE: Second.

15 CHAIR KASSEKERT: The motion is made and

16 seconded. All in favor?

17 (Ayes.)

18 CHAIR KASSEKERT: Opposed?

19 (No response.)

20 CHAIR KASSEKERT: The motion carries.

21 MR. NANCE: Exhibit List -- Exhibit List

22 3 consists of the following initial

23 applications and resubmitted for casino key

24 employee licenses and for qualification.

Staff and the Division have recommended

ITEM NO. 2

1 that these licenses -- these applications for
2 resubmission be granted.

3 First one is Sherry G. Amos, Vice
4 President of Marketing for DGMB Casino, LLC.

5 COMMISSIONER HARRINGTON: I move that we
6 grant key license and for qualification.

7 VICE CHAIR FANELLE: Second.

8 CHAIR KASSEKERT: Motion is made and
9 seconded. This is a roll call vote.

10 MR. NANCE: Commissioner Harrington?

11 COMMISSIONER HARRINGTON: Yes.

12 MR. NANCE: Vice Chair Fanelle?

13 VICE CHAIR FANELLE: Yes.

14 MR. NANCE: Chair Kassekert?

15 CHAIR KASSEKERT: Yes.

16 MR. NANCE: The record will reflect that
17 the motion is unanimous.

18 John A. Arnesen, Vice President and Chief
19 Administrative Officer for DGBM Casino, LLC.

20 VICE CHAIR FANELLE: I move we that
21 grant the initial application.

22 MS. RICHARDSON: Excuse me, Chair.

23 CHAIR KASSEKERT: Yes?

24 MS. RICHARDSON: If I may ask for a

ITEM NO. 2

1 qualification subject to the stipulation that
2 was signed with the Applicant.

3 CHAIR KASSEKERT: Correct.

4 MS. RICHARDSON: Thank you.

5 CHAIR KASSEKERT: Thank you.

6 You seconded that motion?

7 COMMISSIONER HARRINGTON: Yes.

8 CHAIR KASSEKERT: Motion is made and
9 seconded.

10 COMMISSIONER HARRINGTON: With
11 conditions.

12 CHAIR KASSEKERT: This is a roll call
13 vote.

14 MR. NANCE: That's with the conditions
15 contained in the stipulation?

16 CHAIR KASSEKERT: Correct.

17 MR. NANCE: Okay.

18 Commissioner Harrington?

19 COMMISSIONER HARRINGTON: Yes.

20 MR. NANCE: Vice Chair Fanelle?

21 VICE CHAIR FANELLE: Yes.

22 MR. NANCE: Chair Kassekert?

23 CHAIR KASSEKERT: Yes.

24 MR. NANCE: The record will reflect that

ITEM NO. 2

1 Anthony P. Celona, Vice President of Slot
2 Operations for DGBM Casino, LLC.

3 COMMISSIONER HARRINGTON: I'll move that
4 we grant key license and qualification.

5 VICE CHAIR FANELLE: Second.

6 CHAIR KASSEKERT: Motion is made and
7 seconded.

8 (Ayes.)

9 CHAIR KASSEKERT: All opposed?

10 Oh, I'm sorry. This is a roll call
11 vote.

12 MR. NANCE: Commissioner Harrington?

13 COMMISSIONER HARRINGTON: Yes.

14 MR. NANCE: Vice Chair Fanelle?

15 VICE CHAIR FANELLE: Yes.

16 MR. NANCE: Chair Kassekert?

17 CHAIR KASSEKERT: Yes.

18 MR. NANCE: The record will reflect that
19 the motion is unanimous.

20 Resubmission of Joseph A. Corbo, Jr.,
21 Vice President and General Counsel for Marina
22 District Development Company, LLC.

23 VICE CHAIR FANELLE: I'll move that we
24 grant key license and for qualification.

ITEM NO. 2

1 resubmission.

2 COMMISSIONER HARRINGTON: Resubmit.

3 VICE CHAIR FANELLE: Resubmission.

4 CHAIR KASSEKERT: Is there a second?

5 COMMISSIONER HARRINGTON: Second.

6 CHAIR KASSEKERT: Motion is made and

7 seconded. This is a roll call vote.

8 MR. NANCE: Commissioner Harrington?

9 COMMISSIONER HARRINGTON: Yes.

10 MR. NANCE: Vice Chair -- Vice Chair

11 Fanelle?

12 VICE CHAIR FANELLE: Yes.

13 MR. NANCE: Chair Kassekert?

14 CHAIR KASSEKERT: Yes.

15 MR. NANCE: The record will reflect that

16 the motion is unanimous.

17 Timothy A. Ebling, Vice President of

18 Finance and Chief Financial Officer for DGBM

19 Casino, LLC.

20 COMMISSIONER HARRINGTON: I'll move that

21 we grant key license and for qualification.

22 VICE CHAIR FANELLE: Second.

23 CHAIR KASSEKERT: Motion is made and

24 seconded. This is a roll call vote.

MR. NANCE: Commissioner Harrington?

ITEM NO. 2

1 COMMISSIONER HARRINGTON: Yes.

2 MR. NANCE: Vice Chair Fanelle?

3 VICE CHAIR FANELLE: Yes.

4 MR. NANCE: Chair Kassekert?

5 CHAIR KASSEKERT: Yes.

6 MR. NANCE: The record will reflect that

7 the motion is unanimous.

8 Aaron D. Gomes, Vice President --

9 Executive Vice President of Operations for DGMB

10 Casino, LLC.

11 COMMISSIONER HARRINGTON: I'll move we

12 that grant key license and qualification.

13 VICE CHAIR FANELLE: Second.

14 CHAIR KASSEKERT: The motion has been

15 made and seconded. This is a roll call vote.

16 MR. NANCE: Commissioner Harrington?

17 COMMISSIONER HARRINGTON: Yes.

18 MR. NANCE: Vice Chair Fanelle?

19 VICE CHAIR FANELLE: Yes.

20 MR. NANCE: Chair Kassekert?

21 CHAIR KASSEKERT: Yes.

22 MR. NANCE: The record will reflect that

23 the motion is unanimous.

24 Matthew W. Howard, Vice President,

ITEM NO. 2

1 VICE CHAIR FANELLE: I'll move that we
2 grant license and qualification.

3 COMMISSIONER HARRINGTON: Second.

4 CHAIR KASSEKERT: Motion is made and
5 seconded. This is a roll call.

6 MR. NANCE: Commissioner Harrington?

7 COMMISSIONER HARRINGTON: Yes.

8 MR. NANCE: Vice Chair Fanelle?

9 VICE CHAIR FANELLE: Yes.

10 MR. NANCE: Chair Kassekert?

11 CHAIR KASSEKERT: Yes.

12 MR. NANCE: The record will reflect that
13 the motion is unanimous.

14 David R. Hughes, Chief Financial
15 Officer, Vice President, and Treasurer of Trump
16 Plaza Associates, LLC, and Trump Taj Mahal
17 Associates, LLC.

18 COMMISSIONER HARRINGTON: I'll move that
19 we grant key license and qualification.

20 VICE CHAIR FANELLE: Second.

21 CHAIR KASSEKERT: The motion is made and
22 seconded. This a roll call vote.

23 MR. NANCE: Commissioner Harrington?

24 COMMISSIONER HARRINGTON: Yes.

MR. NANCE: Vice Chair Fanelle?

ITEM NO. 2

1 VICE CHAIR FANELLE: Yes.

2 MR. NANCE: Chair Kassekert?

3 CHAIR KASSEKERT: Yes.

4 MR. NANCE: The record will reflect that
5 motion is unanimous.

6 Edward J. Llambias, General Manager for
7 Trump Plaza Associates, LLC.

8 COMMISSIONER HARRINGTON: I'll move that
9 we grant key license and for qualification.

10 VICE CHAIR FANELLE: Second.

11 CHAIR KASSEKERT: Motion is made and
12 seconded. This is a roll call vote.

13 MR. NANCE: Commissioner Harrington?

14 COMMISSIONER HARRINGTON: Yes.

15 MR. NANCE: Vice Chair Fanelle?

16 VICE CHAIR FANELLE: Yes.

17 MR. NANCE: Chair Kassekert?

18 CHAIR KASSEKERT: Yes.

19 MR. NANCE: The record will reflect that
20 the motion is unanimous.

21 Nicholas F. Moles, Vice President and
22 General Counsel for DGMB Casino, LLC.

23 VICE CHAIR FANELLE: I'll move that we
24 grant key license and qualification.

ITEM NO. 2

1 CHAIR KASSEKERT: Motion is made and
2 seconded. This is a roll call vote.

3 MR. NANCE: Commissioner Harrington?

4 COMMISSIONER HARRINGTON: Yes.

5 MR. NANCE: Vice Chair Fanelle?

6 VICE CHAIR FANELLE: Yes.

7 MR. NANCE: Chair Kassekert?

8 CHAIR KASSEKERT: Yes.

9 MR. NANCE: The record will reflect that
10 the motion is unanimous.

11 Stephanie G. Nielson, Vice President of
12 Entertainment for G -- DGMB Casino, LLC.

13 VICE CHAIR FANELLE: I'll move that we
14 grant the key license and qualification subject
15 to the compliance with the conditions contained
16 in the stipulation.

17 CHAIR KASSEKERT: Is there anything you
18 want to add?

19 MS. RICHARDSON: Thank you, Chair.
20 Thank you.

21 CHAIR KASSEKERT: Thank you.

22 COMMISSIONER HARRINGTON: Second.

23 CHAIR KASSEKERT: Motion is made and
24 seconded. This is a roll call vote.

MR. NANCE: Commissioner Harrington?

ITEM NO. 2

1 COMMISSIONER HARRINGTON: Yes.

2 MR. NANCE: Vice Chair Fanelle?

3 VICE CHAIR FANELLE: Yes.

4 MR. NANCE: Chair Kassekert?

5 CHAIR KASSEKERT: Yes.

6 MR. NANCE: The record will reflect that
7 the motion is unanimous.

8 George E. Wackenheim, Vice President of
9 Human Resources for DGMB Casino, LLC.

10 COMMISSIONER HARRINGTON: I'll move that
11 we grant key license and qualification.

12 VICE CHAIR FANELLE: Second.

13 CHAIR KASSEKERT: Motion is made and
14 seconded. This is a roll call vote.

15 MR. NANCE: Commissioner Harrington?

16 COMMISSIONER HARRINGTON: Yes.

17 MR. NANCE: Vice Chair Fanelle?

18 VICE CHAIR FANELLE: Yes.

19 MR. NANCE: Chair Kassekert?

20 CHAIR KASSEKERT: Yes.

21 MR. NANCE: The record will reflect that
22 the motion is unanimous.

23 Robert A. Zitto, Vice President of Food
24 and Beverage for DGMB Casino, LLC.

VICE CHAIR FANELLE: I'll move that we

ITEM NO. 3

1 grant key license and qualification subject to
2 compliance with the conditions contained in the
3 stipulation.

4 COMMISSIONER HARRINGTON: Seconded.

5 CHAIR KASSEKERT: Motion is made and
6 seconded. This is a roll call vote.

7 MR. NANCE: Commissioner Harrington?

8 COMMISSIONER HARRINGTON: Yes.

9 MR. NANCE: Vice Chair Fanelle?

10 VICE CHAIR FANELLE: Yes.

11 MR. NANCE: Chair Kassekert?

12 CHAIR KASSEKERT: Yes.

13 MR. NANCE: The record will reflect that
14 the motion is unanimous.

15 Item No. 3, consideration of the
16 qualification of David B. Sambur to serve as a
17 member of the Board of Directors of Caesars
18 Entertainment Corporation.

19 Miss DeLia?

20 MS. HUGHES: Good morning.

21 MS. DeLIA: Good morning.

22 David Sambur was found temporarily
23 qualified by the Commission on November the
24 10th, 2010.

You have a copy of the draft resolution

ITEM NO. 3

1 that has been circulated.

2 Lynne Hughes is here on behalf of the
3 Petitioner and Jim Fogarty is here on behalf of
4 the Division.

5 CHAIR KASSEKERT: Good morning, Miss
6 Hughes.

7 MS. HUGHES: Good morning. I have read
8 over the draft resolution. And we have no
9 objection. We would ask that you adopt this.

10 Thank you.

11 CHAIR KASSEKERT: Thank you.

12 Mr. Fogarty?

13 MR. FOGARTY: Yes, good morning. I'm
14 pinch-hitting for Dorothy Turi, who recently
15 retired.

16 CHAIR KASSEKERT: Retired.

17 Congratulations to her.

18 MR. FOGARTY: After many years of fine
19 and outstanding work for the Division.

20 CHAIR KASSEKERT: Absolutely.

21 MR. FOGARTY: Miss Turi sent you all a
22 letter report dated June 23, 2011, recommending
23 that you qualify David Sambur as a member of
24 the Board of Directors of Caesars.

I have not looked at the draft

ITEM NO. 3

1 resolution, but I am certain it's okay. It
2 usually is.

3 (Laughter.)

4 MS. DeLIA: Jack Adams called me.

5 CHAIR KASSEKERT: Thank you.

6 COMMISSIONER HARRINGTON: Usually --

7 VICE CHAIR FANELLE: Usually.

8 MS. DeLIA: Jack Adams called and said
9 it was fine.

10 (Laughter.)

11 MR. FOGARTY: I said, Jack, what do I
12 need to know? He said, eghh.

13 (Laughter.)

14 COMMISSIONER HARRINGTON: Well, I'll
15 move that we adopt the draft resolution and
16 find David B. Sambur qualified to serve as a
17 member of the Board of Directors of Caesars
18 Entertainment Corporation in accordance with
19 NJSA 5:12-85.1(c) and (d) and 89(b)(1) and (2).

20 VICE CHAIR FANELLE: Second.

21 CHAIR KASSEKERT: Motion is made and
22 seconded. This is a roll call vote.

23 MR. NANCE: Commissioner Harrington?

24 COMMISSIONER HARRINGTON: Yes.

MR. NANCE: Vice Chair Fanelle?

ITEM NO. 4

1 VICE CHAIR FANELLE: Yes.

2 MR. NANCE: Chair Kassekert?

3 CHAIR KASSEKERT: Yes.

4 MR. NANCE: The record will reflect that
5 the motion is unanimous.

6 MS. HUGHES: Thank you.

7 MR. FOGARTY: Thank you.

8 CHAIR KASSEKERT: Thank you.

9 MS. DeLIA: Thank you.

10 MR. NANCE: Item No. 4, application of
11 DGMB Casino LLC, and Gomes Gaming New Jersey,
12 LLC, for plenary qual -- for plenary casino
13 licensure to own and operate Resorts Casino
14 Hotel.

15 Ms. Wozniak?

16 MS. WOZNIAK: Good morning, Chair and
17 Commissioners.

18 I have distributed a draft resolution to
19 the parties. Mr. Levenson and Ms. Kaufman are
20 here on behalf of the license applicants. And
21 for the Division Tracy Richardson.

22 CHAIR KASSEKERT: Thank you.

23 Can I ask that counsel enter their
24 appearances on the record, please.

MR. LEVENSON: Yes. Chair Kassekert,

ITEM NO. 4

1 Vice Chair Fanelle, Commissioner Harrington,
2 very nice to see you. Lloyd Levenson here on
3 behalf of DGMB Casino.

4 Thank you.

5 MS. KAUFMAN: And Lynne Kaufman on
6 behalf of the DGMB Casino.

7 CHAIR KASSEKERT: Thank you.

8 MS. RICHARDSON: Good morning, Chair and
9 Commissioners. Tracy Richardson, Deputy
10 Attorney General, for the Division of Gaming
11 Enforcement.

12 CHAIR KASSEKERT: Thank you.

13 On December 1st of 2010 this Commission
14 granted Interim Casino Authorization to G --
15 DGMB Casino, LLC, allowing it to own and
16 operate the Resorts Casino Hotel pending its
17 plenary casino licensure. The Division of
18 Gaming Enforcement has now issued its report to
19 us on its investigation of GD -- DGMB and its
20 qualifying persons, Gomes Gaming, Inc., which
21 is party to a management agreement with DGMB,
22 is also before us today seeking the requisite
23 casino licensure. To that end this morning, we
24 will hear testimony from the Applicant and the

ITEM NO. 4

1 First we have the Division's written
2 report, which Mr. Nance will now admit into
3 evidence.

4 MR. NANCE: Yes. Chair, Commissioners,
5 the premarked exhibits are as follows: The
6 Division of Gaming Enforcement has one exhibit
7 premarked as D-1.

8 D-1 is a report dated July 1st, 2011, to
9 the Casino Control Commission on the plenary
10 qualification of the DGMB Casino, LLC, and
11 Gomes Gaming New Jersey, LLC, as applicants for
12 casino licenses.

13 The Casino Control Commission has one
14 exhibit, C-1, for identification only.

15 C-1 is a draft resolution.

16 CHAIR KASSEKERT: Thank you.

17 Are there any objections to the
18 admission of these exhibits?

19 Mr. Levenson?

20 MR. LEVENSON: No.

21 CHAIR KASSEKERT: Miss Kaufman?

22 MR. LEVENSON: Except for the sealing
23 request that we have made.

24 CHAIR KASSEKERT: Correct.

MS. RICHARDSON: No objections here.

ITEM NO. 4

1 CHAIR KASSEKERT: And any objections to
2 the sealing request?

3 MS. RICHARDSON: No, Chair.

4 CHAIR KASSEKERT: Thank you.

5 We'll now move to opening statements.

6 If counsel --

7 MR. LEVENSON: May it please the
8 Commission, I have no opening statement because
9 it's going to take me a while to introduce the
10 people that are here. So that will represent
11 my opening statement. You know most of these
12 people, but just in case.

13 We'll start off with Morris Bailey, who
14 is sitting here in the front row, who is the
15 Chairman and Vice President, and the managing
16 member of DGMB. Sitting next to him is Joe
17 Jerome, who is the President, Treasurer, of the
18 managing member, DGMB.

19 We'll go down the list. I'd ask
20 everybody just to stand so they can -- the
21 Commissioners can see -- see you.

22 Dennis Gomes? Are you here?

23 (Laughter.)

24 MR. LEVENSON: Dennis is the Co-Owner,

ITEM NO. 4

1 DGMB Casino.

2 Aaron Gomes, who is Executive Vice
3 President of Operations of DGMB Casino; Sherry
4 Amos, who is Vice President of Marketing; John
5 Arnesen, who is Vice President and Chief
6 Administrative -- Chief Administrative Officer;
7 Tony Celona. Anthony Celona, Vice President of
8 Slot Operations; Tim Ebling, who is Vice
9 President of Finance and Chief Financial
10 Officer; Alisa Elkis, who is Vice President of
11 Casino Marketing; Don Kneisel, who is Director
12 of Information Technology; Nick Moles, Vice
13 President and General Counsel.

14 MR. MOLES: Good morning.

15 MR. LEVENSON: Stephanie Nielson, Vice
16 President of Entertainment; George Wachenheim?
17 Is he here? No.

18 Bob Zitto -- Robert Zitto, Vice
19 President of Food and Beverage; Jean Price,
20 Director of Administration; and Pat Galucci,
21 who is a paralegal to Nick Moles.

22 CHAIR KASSEKERT: Thank you. Good
23 morning to you all.

24 MR. LEVENSON: That's -- that's our

executive staff. I have no further opening

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1 statement. I have -- when it's ready, after
2 Miss Richardson has any comments, we'll
3 introduce our witnesses.

4 CHAIR KASSEKERT: Thank you.
5 Miss Richardson?

6 MS. RICHARDSON: Thank you, Chair.

7 As it has been noted, we're here today
8 regarding the applications of DGMB Casino and
9 Gomes Gaming New Jersey for casino licenses.

10 As you know, DGMB Casino is the owner of
11 Resorts, and Gomes Gaming New Jersey is the
12 casino operator under a management agreement
13 with DGMB Casino. You have our report dated
14 July 1st, 2011, which is now D-1 in evidence,
15 and which details the results of our
16 investigation concerning license applicants,
17 their holding companies, and related entities
18 and financial sources. We've also set forth a
19 list of individuals required to qualify based
20 on their associations with the Applicants. All
21 the relevant entities and individuals have been
22 evaluated under the statutory criteria set
23 forth in Sections 84, 85, and 85.1 of the Act.

24 Through various orders issued prior to

the submission of our report, the Director of

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1 the Division has issued a casino hotel
2 alcoholic beverage license to DGMB Casino,
3 approved its equal employment and business
4 opportunity plan, and granted the request of
5 DGMB Casino to approve a temporary vacancy on
6 its three-person independent audit committee
7 due to the resignation recently of one
8 committee member.

9 There have been certain developments
10 that have occurred since is the filing of our
11 report. First, the litigation filed by Resorts
12 International Hotel, Inc., the formal operator
13 of Resorts against RAC and DGMB Casino has been
14 settled through mediation held on June 30th,
15 and a settlement agreement is pending.

16 A settlement agreement has also been
17 reached regarding the complaint DGMB Casino
18 filed against Marina Energy, resolving their
19 dispute over Resorts' utilities services.

20 In addition, there are six other actions
21 filed by plaintiffs who were former employees
22 of Resorts who were not rehired by DGMB Casino
23 after the transition, and those allege
24 employment discrimination. These former

employees are not cocktail servers as in the

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1 complaints noted in our report, but they worked
2 in other departments, and they allege various
3 claims, including age discrimination,
4 discrimination based on the exercise of family
5 leave, and also making Worker's Compensation
6 claims and discrimination based on perceived
7 disabilities for taking such leaves.

8 In addition, in monitoring the
9 complaints that we noted in our report, we will
10 also continue to monitor these complaints.
11 When these matters are resolved, the Division
12 will take any appropriate action at that time.

13 We have also reported on the financial
14 stability of DGMB Casino. Its expected that
15 you will hear testimony today regarding the
16 financial condition of DGMB Casino as well as
17 other relevant information regarding the casino
18 applicant, all of which should provide you with
19 sufficient evidence upon which to base your
20 decision regarding whether casino licenses
21 should issue to DGMB Casino and Gomes Gaming
22 New Jersey.

23 Thank you.

24 CHAIR KASSEKERT: Thank you, Ms.

ITEM NO. 4

1 Mr. Levenson, I understand that you have
2 witnesses to call.

3 MR. LEVENSON: Yes, we do.

4 CHAIR KASSEKERT: You may call your
5 first witness.

6 MR. LEVENSON: Dennis Gomes, please.

7 CHAIR KASSEKERT: Mr. Gomes, you may
8 come forward. Mr. Nance will swear you in.

9
10 DENNIS GOMES, having been first duly
11 sworn, testified as follows:

12

13 MR. NANCE: Please state your name for
14 the record.

15 THE WITNESS: Dennis Gomes.

16 MR. NANCE: Thank you.

17 CHAIR KASSEKERT: Mr. Levenson, you may
18 proceed.

19 MR. LEVENSON: Okay. Put this here.

20 THE WITNESS: He's already spilled the
21 water.

22 VICE CHAIR FANELLE: Didn't you do this
23 last time?

24 MR. LEVENSON: I didn't spill it.

Gomes - direct - Levenson

1 THE WITNESS: He spilled it all over my
2 notes.

3 (Laughter.)
4

5 DIRECT EXAMINATION BY MR. LEVENSON:

6 Q. Mr. Gomes, when we were here on December
7 1st for the ICA hearing, we went over your background
8 in some great detail. I don't believe it's necessary
9 to go over that background in that amount of detail at
10 this time, but can you tell the Commission your
11 history as it involves gaming, including gaming in
12 Atlantic City?

13 A. Since you told me I was longwinded last
14 time, I'm going to try to keep it really brief.

15 I hate to admit that I have just about
16 40 years of experience in gaming. The first ten years
17 related to law enforcement, during which I was a
18 Division Chief with the Nevada Gaming Control Board,
19 responsible for the detection of organized crime
20 infiltration into Nevada casinos as well as the
21 skimming from Nevada casinos.

22 Subsequent to that, I was head of the
23 Special Investigations Bureau for the Division of
24 Gaming Enforcement in New Jersey, and later I moved

25 into casino operations, left law enforcement.

Gomes - direct - Levenson

1 And during that period of time, I've
2 operated approximately 15 different casinos throughout
3 the United States, including three in New Jersey in
4 Atlantic City, the Taj Mahal, also Tropicana, and now
5 Resorts. And I also now maintain Gomes Gaming Casino
6 Management Company.

7 Q. And your particular positions at the
8 Trump Taj Mahal and Tropicana were what?

9 A. President. I was also at Tropicana
10 President of the division that operated several
11 Tropicanas, including Las Vegas. So I operated both
12 of those properties.

13 Q. And your position today is what?

14 A. I'm president and CEO of Resorts.

15 Q. When you testified on December 1st, you
16 alluded to certain initiatives you were going to
17 emphasize. Although it's been just seven months since
18 that testimony, let's discuss what you've been able to
19 accomplish in such a short period of time. Let's --
20 let's first take entertainment because you did discuss
21 entertainment initiatives back on December 1st.

22 A. Well, we -- we've -- I indicated when I
23 appeared before the Commission before that we were
24 really going to stress entertainment. And during the

25 past six months, we've done that. We've brought in

Gomes - direct - Levenson

1 numerous shows, Moonshine Follies, 42nd Street. We
2 have -- I believe we brought in Paul Anka, Wayne
3 Newton, Engelbert Humperdinck, LeAnne Rimes, Bobby
4 Vinton. We had several tribute bands. We have the
5 Chicago tribute band and also Abba tribute band.

6 In addition to that, we've had other
7 entertainment initiatives where we have a continuous
8 singing bartender, strolling violinists. We also did
9 several flash mobs, which is spontaneous entertainment
10 that, we did that in a lobby, and we did that in our
11 buffet. We've had continuous lounge entertainment in
12 our 25-hour bar. And we've had quite a few ethnic
13 shows in our showroom. We had Chinese, Vietnamese,
14 Greek. We had Lebanese. We've also established
15 recently a Club Piscopo, which is Joe Piscopo from
16 Saturday Night Live fame. It's a music and comedy
17 club that seems to be doing quite well so far. And
18 we've also most recently brought in 2,000 seat big top
19 circus with three separate circuses. It's going to
20 hopefully open by the end of this week.

21 Q. Okay. While we're on the circus, let's
22 just get something out of the way. There is a some
23 publicity around that one of the circuses is going to
24 be a naked circus. As you know, there are particular

25 regulations and laws that exist with regard to what

Gomes - direct - Levenson

1 amount of clothing or lack of clothing can exist. Is
2 this truly naked?

3 A. Well, I like to say that generally
4 animals are naked in the circus, but we don't have any
5 animals in this one so --

6 (Laughter.)

7 A. But I can assure you that -- that with
8 respect to that, we're going to comply with all of the
9 laws regarding clothing, and there's going to be
10 nothing unusual from that standpoint. It's going to
11 be a sensuous adult-oriented show, but it will comply
12 with all laws regarding clothing.

13 Q. Great. Still staying on some
14 entertainment, we saw that you opened a club called
15 Prohibition?

16 A. Uh-hum.

17 Q. Tell us something about that.

18 A. What's a -- well, it's a nightclub
19 that's basically alternative lifestyle oriented, and
20 it's doing quite well. It's gotten tremendous
21 publicity. Recently it was written up in an article
22 in the New York Times. It was one of the most
23 positive articles I've seen in recent times about
24 Atlantic City. And from a revenue standpoint, it's

25 doing -- it's doing tremendous. We recently -- we

Gomes - direct - Levenson

1 tracked the customers that go in there. We allow them
2 to get player cards, and they save the entrance fee,
3 so we're able to track the gaming revenues. And just
4 a recent four-day period in addition to the gaming --
5 in addition to the food and beverage revenue we're
6 getting in there, we've also in this four-day period
7 indicated that we had an incremental \$54,000 in gaming
8 revenues from that particular group. So it's been
9 quite successful. And many times it exceeds our
10 Boogie Nights' revenues, which is another nightclub
11 that was voted one of the top clubs in the city. So
12 it's doing very well.

13 Q. And I noticed in walking around Resorts,
14 that there was another sort of club called Torch.

15 A. Yes.

16 Q. What is that?

17 A. Yeah. Torch was -- is a nightclub.
18 It's really a lounge. There weren't a lot of places
19 where people could sit and relax and enjoy themselves
20 where it wasn't so loud. And we -- so we created a
21 library-type club up on the restaurant floor that is
22 actually quite beautiful and intimate surroundings
23 where people can listen to Torch-type music, some jazz
24 singers, and sit and relax. And it's really a whiskey

25 bar, too, where you can get some high-end whiskeys,

Gomes - direct - Levenson

1 and it's also doing very well.

2 Q. Now, the new or renovated entertainment
3 venues that you've just discussed obviously required
4 some capital improvements. In addition to those
5 venues, what other capital projects have you begun in
6 this brief seven-months period of time?

7 A. We -- we've actually accomplished a lot
8 in terms of capital improvements. We're in the
9 process -- and this should be completed in
10 approximately two, three more weeks -- to rehab the
11 entire Ocean Tower, which is a 480-room tower. We've
12 completely done the halls, all the halls. Every room
13 is redone. And the look is absolutely beautiful. I
14 think there's now some of the nicest rooms, and they
15 are definitely some of the largest. I think. The
16 average room in the city is about 350 square feet.
17 These rooms average about 550 square feet. And
18 they're absolutely beautiful. And it looks like a
19 brand-new tower. So that was one thing that we did.

20 We also constructed a 22-table Asian
21 gaming room which is absolutely beautiful. That's
22 completed. And it's called the East Wind Casino. And
23 adjacent to that, we've constructed a chinese
24 restaurant that relates to -- to this room in which we

25 serve Asian food. It's got several components to it.

Gomes - direct - Levenson

1 I think it's one of the nicest in the city. It's got
2 a dim sum restaurant associated with it. It's got a
3 noodle bar. It's got an Asian bakery. It's got a
4 bubble tea area, and it's also doing quite well, as is
5 the Asian gaming room.

6 We've completely re-habbed and renovated
7 our grand ballroom, which is 13,000 square foot space.
8 That's finished. We -- as I indicated before, we
9 built and re-themed the Prohibition nightclub. So
10 we've got actually a lot done in that regard.

11 Q. Discussing rooms, the topic of rooms,
12 when you testified on December 1st, you said that
13 Resorts' occupancy rate prior to your taking over was
14 very low compared to the rest of the city. Have you
15 been able to increase that rate even though several of
16 those months from December through June are not the
17 best months for -- for Atlantic City and historically
18 been the slowest?

19 A. Yes. We put a lot of emphasis on this
20 and increasing our occupancy, and we really wanted to
21 grow our cash revenue by yield managing rather than
22 just constantly putting comp customers in there. And
23 as a result, we've increased our occupancy to 73.4
24 percent for the first six months of the year compared

25 to 62 and a half percent previously, which was a 17

Gomes - direct - Levenson

1 percent increase, and we've been able to grow our cash
2 room revenue by 82 percent.

3 Q. Now, that's through June.

4 A. Yes.

5 Q. Right. Now, July and August
6 historically are bigger months for Atlantic City. Do
7 you expect that --

8 A. Yeah, we're --

9 Q. -- occupancy rate to increase for July
10 and August?

11 A. Yeah. We're running approximately a
12 hundred percent or thereabouts currently. We're in
13 the process of doing -- completing our renovation, as
14 I said, should be done in two to three weeks. So
15 working around that a little bit, it reduces it to
16 some relatively small degree, the number of rooms
17 available. But we're definitely sold out.

18 Q. The Roar -- Roaring '20s theme has
19 received tremendous news coverage, particularly the
20 costuming. Can you tell us about that costuming and
21 tell us what the customer feedback has been with
22 regard to the costuming?

23 A. Yeah. We've spent a lot of money on new
24 uniforms across the board for every employee. And we

25 refer to them as "costumes" because we wanted to be

Gomes - direct - Levenson

1 very authentic, and we want people feeling like
2 they're on stage. And we've pretty much covered every
3 single employee. All the ones -- for example, the
4 cocktail waitresses' uniforms which everybody has read
5 about. There's some other relatively spectacular
6 ones, like I like the valet uniforms where the valet
7 parkers have newspaper boy hats from the '20s and
8 argyle socks and knickers and vests, and it's a great
9 look. Our dealers have green eyeshades and arm bands,
10 and they look like they've stepped right out of a
11 gambling joint from the 1920s. And our front desk
12 people are in 1920s dresses, and it just goes across
13 the board.

14 And our customers -- many of them have
15 comment -- commented about that. And we have 1920s
16 music in the background. As people walk through,
17 they'll come up and say, it feels like I'm walking
18 into the past, and it was a great escape. And it was
19 an exciting time in the '20s because of the women were
20 coming out of their suppression and being able to
21 dance in public. And we've had flapper dancers
22 dancing in the lobby, so there's a lot of activity
23 that relates to that. So it's a very strong theme
24 that fits our architecture perfectly. We have -- the

25 newer tower is art deco, and the rest of the casino is

Gomes - direct - Levenson

1 actually built in the '20s, and there's a long history
2 of it there. So it was a perfect thing for us. And
3 the customers there absolutely love it.

4 Q. Regarding staffing, you testified on
5 December 1st that your goal was try to hire as many
6 former Resorts employees as possible. That all things
7 being equal, that they would get a preference. Were
8 you able to attain your goals in that regard?

9 A. Yes, we were. We got pretty close.
10 Where last time I was here, I believe I indicated -- I
11 estimated we'd be able to hire approximately 80
12 percent of the people that were terminated by the
13 previous employer because we didn't want to see these
14 people out of work. And so we gave strong hiring
15 preference. You know, we wound up hiring
16 approximately 75 percent of all of those previously
17 terminated employees. And some of them -- we were off
18 a little bit because some -- a lot of people retired,
19 and there were some that didn't meet the criteria, but
20 we hit a 75-percent level. So that's pretty close to
21 what I -- what our estimate was.

22 Q. Regarding revenue and, obviously, the
23 desire to increase revenue, was the situation at
24 Resorts when you took over better than, the same

25 than -- the same as, or worse than you expected?

Gomes - direct - Levenson

1 A. That's a good question and I -- I --
2 look. I figured from a marketing database standpoint
3 that we would be in somewhat of a hole when we took
4 over because this company had to operate in bankruptcy
5 for a long time, and my heart went out to the people
6 that had to operate it. It's a tough situation to be
7 in. But as opposed to being in a hole, what we found
8 was we were somewhere closer to the bottom of the
9 Grand Canyon and trying to climb our way out ever
10 since, and we're making headway. But -- but it was
11 quite a bit deeper and more problematic than we
12 anticipated. But we're having a lot of growth in our
13 database now, and we've had over 75,000 new -- new
14 customers, and it's going very well from that
15 standpoint.

16 Q. You said that -- on December 1st that
17 after the -- sort of the last two quarters of 2011,
18 you expected that Resorts would be in a decent shape
19 financially. Do you still believe that?

20 A. Repeat that question?

21 Q. Yeah. That after the second two
22 quarters of 2011 --

23 A. Okay.

24 Q. -- that you thought that Resorts would

25 be in decent shape financially. Do you believe you

Gomes - cross - Richardson

1 can attain that goal?

2 A. Yeah. I think what I indicated was
3 that -- that I felt that we'd be in a profit mode,
4 even though we generally were ahead of the industry in
5 terms of improvement in our bottom-line numbers and
6 our revenues. I felt that July when we begin making
7 profit and that from there on after that we would have
8 an improvements, and we'd be in good shape, and I
9 still believe that.

10 MR. LEVENSON: I have no further
11 questions.

12 CHAIR KASSEKERT: Thank you.

13 Cross-examination, Miss Richardson?

14 MS. RICHARDSON: Thank you, Chair.

15

16 CROSS-EXAMINATION BY MS. RICHARDSON:

17 Q. Good morning.

18 A. Hi.

19 Q. How has the DGMB Casino adapted to the
20 challenging market conditions in Atlantic City?

21 A. I think we've had to be flexible, and
22 we've wanted to try a lot of different things. Some
23 things have worked and some things haven't. And I
24 think -- I think that for the most part, we've had the

25 edge there. I think things have worked better than --

Gomes - cross - Richardson

1 than they have not worked, and we've seen a lot of
2 improvements, particularly in cash revenue where our
3 food revenues have grown dramatically. Our -- our
4 buffet that we opened up that was closed before put a
5 lot of people to work. It's doing about 1700 people a
6 day, bringing a lot of people in. The clubs are doing
7 good. They're filled up. A lot of those initiatives
8 have worked well. Other things that have been -- been
9 tougher trying to acquire our customers and bring them
10 back to the property because of the, I think, tough --
11 tough environment that New Jersey is in. I just heard
12 the unemployment in the East is about 16 and a half
13 percent, which is -- I believe the Great Depression
14 was 15 percent. So yeah. With that, together with
15 the competition, it's a tough working environment.
16 And we're trying to get back the customers that were
17 taken away during the period of time that the company
18 was having problems that Resorts was. Trying to get
19 those customers back is tough. It's -- I mean, the
20 other casinos are hanging onto them with a death grip.
21 So -- so it's not that easy.

22 And it's -- what we've found is that
23 it's a lot more expensive trying to unseat loyalty as
24 opposed to maintain your customer base. And so it's

25 costing us a little more. We -- during a couple

Gomes - cross - Richardson

1 months, probably spent a little more in those
2 acquisitions than we should have. But I think from
3 what -- from a strategic standpoint that we want to
4 get those people back in, and I think was successful
5 from that standpoint. But -- and now we're able to
6 maintain them. So it's been -- we've had to be
7 flexible and -- and evaluate our strategies as we've
8 moved forward in this evolving process. But I think
9 we've done well with that.

10 Q. You mentioned that you've experienced
11 some growth in your marketing database. Can you tell
12 us a little bit about some of the marketing
13 initiatives that you've implemented?

14 A. Well, I think the ethnic shows are
15 were-- have done very well for us. We've had special
16 events. For example, we recently had Michael Vick in
17 who signed autographs for players. That was
18 successful. We've had a lot of -- we have constant
19 ongoing initiatives where a lot of these players want
20 to sit down and have dinner with me. So we have
21 continuous dinners, like every other week, where
22 they'll come in and have dinner with my wife and I.
23 And -- of course, they use me as one of the only
24 owners of casinos here in the city that actually --

25 actually mixes with the customers and is there all the

Gomes - cross - Richardson

1 time. So that's -- seems to be important to a lot of
2 these customers. And sometimes -- I mean, my people
3 keep pushing me to do these things, and they feel that
4 to some degree I'm somewhat of a celebrity to
5 customers, so we use that all the time. Not like
6 Donald Trump, but --

7 (Laughter.)

8 A. But, you know -- that. So I socialize a
9 lot with the customers, and they use that and feel
10 that it's to a great degree an advantage. We've --
11 we've had some unusual parties and things for the
12 players, too. So we're always trying different
13 things. I think Prohibition was -- was a good
14 example. All of the casinos have been sort of
15 courting that alternative lifestyle group of people,
16 and we sort of opened our arms to them in a broader
17 way. And we were the first casino to actually adopt a
18 club that catered to that market. So I believe in
19 diversity and opening arms to everyone, and that's
20 worked very well for us.

21 Q. You did mention that several of the
22 improvements that you've made already have increased
23 your nongaming revenue. Has the problem tended to be
24 towards having an increase also on the gaming revenue

25 side? How do you fix those issues?

Gomes - cross - Richardson

1 A. Yeah. That -- that's a bigger
2 challenge. And because of the competition. I
3 think -- look. The biggest thing is the economy
4 itself. And Morris and I talk about this all the
5 time. The fundamentals have changed to some degree.
6 And -- and right now we've -- you know, once you cover
7 your -- we had some pretty high fixed costs. For
8 example, our property taxes are out of sight. I mean,
9 they're -- we're paying at the rate of valuation of
10 that property of some 450 million or something. And
11 so those -- that kind of thing, those are fixed costs
12 that go beyond the pale. And they have to be dealt
13 with. And we're dealing with that. The City's been
14 very cooperative, and we have very good relationships
15 with them. But those kinds of fixed costs have to be
16 adjusted.

17 And but the big thing, I think, is the
18 economy. And as the economy grows, as you get that
19 second tranches of revenue in, 90 percent of that is
20 profit. As you lose it, 90 percent of it is profit,
21 too. But as you gain it back in layers, it's
22 basically all profit. So -- so and it's not so
23 much -- you know, you could do some gorilla marketing
24 and try to take share from everyone else. That

25 doesn't really accomplish a lot for the city, though,

Gomes - cross - Richardson

1 and I think the economy -- when you have an economy
2 that's so bad, and when you have the competition that
3 we've had surrounding us, and then on top of that,
4 when you have gas prices that have -- that have
5 increased so dramatically where the convenience
6 gamblers, a big percent of which still -- percentage
7 of which still wanted to come here, that the high gas
8 prices will keep a lot of those people away, too. So
9 those are all challenges that the whole industry is
10 being faced with.

11 But I think if you look at our revenue
12 and our operating performance, it's -- our revenue is
13 increased at a rate that's stronger than the -- our
14 gaming revenue is stronger than the industry averages.
15 But, still, we got a long way to go because our base
16 is pretty low. So but I think we're getting into some
17 great trends that we've got going, but that's the big
18 thing. We can increase our cash, food and beverage
19 and hotel revenue all day long, but the big, important
20 piece is the gaming revenues. And that's our goal.

21 Q. What do you think is the most important
22 factor that will help Resorts turn a corner towards
23 profitability?

24 A. I think we're looking -- to try to say

25 one's more important than another, there's so many

Gomes - cross - Richardson

1 variables. But I think as people realize through word
2 of mouth and through seeing themselves what a
3 tremendous property that is, the rooms are absolutely
4 beautiful. When they experience that, I think it's
5 going to make a big difference to them. Our customers
6 are all wanting to come back. Even our high-end
7 customers when they experience it. I mean, the first
8 thing was very difficult, the comments that we got
9 constantly from people that hadn't been there in 15
10 years was why -- why would we go to that dump? And
11 then when they walk in and see it, they're -- they're
12 amazed. They're saying this place is absolutely
13 beautiful. It's like walking into the 1920s. And our
14 experience is fantastic, and the people are so
15 friendly. We got a lot of loving, friendly people
16 through that -- through that property. And they've
17 really enjoyed the experience. And they're amazed at
18 the condition that property is in. To them, they're
19 seeing it's like a brand-new property. So I think
20 that that is something that the word of mouth and
21 experience gets out there, and we just keep having
22 this repeat business, I think it will grow our
23 revenues as we go through that process.

24 Q. You discussed earlier certain capital

25 improvements that have already been made. Can you

Gomes - cross - Richardson

1 tell us about certain project plans that you may have
2 over the next few years?

3 A. Yes. We have -- we have areas that
4 we -- we need to repair, like the roofs. There's some
5 problems there that we want to fix long term. There
6 are -- people expressed interest in coming in and
7 building out some of the restaurants and adding
8 venues. People talking about building beach bars out
9 there. We have space on the second floor that -- that
10 is about 30,000 square feet that would come right down
11 to the casino. And I think there's a lot of potential
12 there. And various -- various companies have talked
13 about doing things there. And we're kind of trying to
14 weigh the different ones that want to do this and see
15 what our -- I mean, there's some pretty exciting big
16 companies but, you know, it's a slow process for them
17 taking a look at it, seeing what they want to do,
18 where there's others. They want to come in right now
19 and do it. But we want to preclude some of these
20 bigger ones with the big brand names that are taking a
21 little slower process here. So, but we don't want to
22 commit to some of these others yet until we get --
23 know exactly what those other people want.

24 Q. Now that Revel has projected an opening

25 for May of 2012, does that change the timing of any of

Gomes - cross - Richardson

1 your plans?

2 A. Not really. No. I think -- of course,
3 Kevin DeSanctis and I are like brothers. I think
4 everyone knows the story of how we were together and
5 working when I was in the Division, he was a state
6 trooper assigned to my Special Investigations Unit.
7 And we've been together all throughout Nevada in our
8 careers. And I believe what he's doing is going to
9 not only be great for the city overall, but for our
10 end of the Boardwalk is going to create a whole new
11 dynamic. And I've done a lot of studies about walk
12 traffic, and I remember when I was at the Tropicana, I
13 think we were getting about 4,000 people a day walking
14 by there. And walk traffic is critical for your
15 revenues. But Bally's being at the center of the
16 Boardwalk had, like, 40,000 people a day. So when
17 Kevin builds down there, I think the Showboat and the
18 Taj and us, we're going to get a lot more walk
19 traffic, and it's really going to increase our
20 business and occupancy as well. I think it's going to
21 be very good for our end and very good for the city.
22 It's going to raise the city to a whole different
23 level.

24 Q. And what are your views in general about

25 the future of the Atlantic City market?

Gomes - cross - Richardson

1 A. I think it's a great market, and I think
2 that the -- I mean, if you look at three and a half
3 billion, it's second in the country next -- just under
4 the Las Vegas Strip, which is somewhere around four
5 and a half billion now. Or close to five. But -- but
6 there's -- keep in mind, there's 30 mega casinos or
7 approximately that on the Las Vegas Strip, and we just
8 have the 12. And then when you look at the next
9 closest, I believe, in volume is Indiana and
10 Mississippi about -- in each is about two and a half
11 billion. So we're -- we still have a powerful market,
12 and we're still getting, like, about 30 million
13 visitors a year come through here. So I think even
14 though it's been completely challenged by these other
15 factors that the convenience gamblers are where they
16 are, and I don't think that the market is going to get
17 any worse than it is now. I think it's at the bottom.
18 And it's still a powerful market.

19 And I think working together with the
20 initiatives that are being discussed now that I think
21 that we've worked strongly with the mayor creating
22 citywide things. And now with the casino association,
23 we have the Atlantic City Alliance, which is a
24 public -- public/private partnership that I think is

25 going to do very well with working together with the

Gomes - cross - Richardson

1 CRDA. I see a lot of positive things, and I see the
2 state police got us in charge of the -- this public
3 safety here now in this casino zone. I think it's
4 doing a phenomenal job and bringing the city police
5 together with their efforts and with the association.
6 And I think this clean and safe initiatives that we're
7 all developing together are going to go a long way in
8 giving people a feeling of trust in the environment.

9 Not that I think it was ever a real
10 problem. I don't think the safety issues were ever as
11 negative as it looked, because -- because when you're
12 talking about crime and in Las Vegas as well as here,
13 it's always per capita of residents. And they don't
14 consider the 30 million people that are coming through
15 here. So per -- per population, if you include
16 tourism, we're probably one of the lowest in the
17 country as well as Las Vegas. And Las Vegas has done
18 a lot better job at their PR with respect to that.
19 And I don't think that we've always done a great job
20 with that. And I mean, I've seen officials from time
21 to time in the past making deprecative remarks about
22 our own safety issues. When I don't think they really
23 exist.

24 And but I think there's great progress

25 there. Great progress in cleaning up the city in

Gomes

1 terms of programs, in knocking down some of the
2 buildings, and so I feel very good about that, about
3 what's going on.

4 Q. Thank you.

5 MS. RICHARDSON: That's all the
6 questions I have.

7 CHAIR KASSEKERT: Thank you.

8 Jumping off of Miss Richardson's
9 questions, you know, we saw the June numbers
10 come out the other day which showed a decrease
11 but a much smaller degree, do you think that is
12 the sign that Atlantic City has turned the
13 corner?

14 THE WITNESS: Yeah. I think so. You
15 know --

16 CHAIR KASSEKERT: Your numbers were up.

17 THE WITNESS: Yeah. We did good. We're
18 still having challenges in terms of still
19 experiencing some losses and things, and but
20 that's just part of our growth process and
21 strategy. But from a revenue standpoint, I
22 think there is -- you can see. I watched Las
23 Vegas go through the same process.

24 CHAIR KASSEKERT: Uh-huh.

THE WITNESS: And their numbers are

Gomes

1 turning around a little more positive than
2 ours. But they didn't have that new
3 competition surrounding them, either. But I
4 see the same -- the same things happening here
5 that happened there. And we're tailing off --
6 I mean, we're a little slower to get there.
7 Because unemployment's larger here.

8 CHAIR KASSEKERT: Uh-huh.

9 THE WITNESS: But I see the same
10 progress. And I think it's a very positive
11 sign, and I think that this city is going to
12 move eventually, as the economy grows, and
13 those tranches of revenue come back, that's
14 basically going to be all profit for the
15 casinos. So I feel very good about it.

16 CHAIR KASSEKERT: You talked about --
17 about 75,000 new customers, I think?

18 THE WITNESS: Correct.

19 CHAIR KASSEKERT: Have you done any kind
20 of analysis to see where those customers are
21 coming from? Are they -- are they convenience
22 gamblers? Are they the new populations that
23 you've been looking at? Are they people that
24 used to go to Pennsylvania? Are they coming

Gomes

1 THE WITNESS: You know, for us, I
2 don't -- my son Aaron is the database expert.
3 He could probably tell you more, and Tim could
4 tell you some. But I know in general, they're
5 coming from just about every category. There
6 is -- we've gained quite a few high-end
7 players. Of course, they're fewer, but make up
8 a bigger portion of the revenue from a
9 percentage standpoint. But there are also --
10 the kind of low-end gamblers that like to come
11 for the -- for the food and beverage and stay
12 in the hotels and the beaches and all the other
13 things the city has, and they gamble, but they
14 gamble small amounts. But it's incremental,
15 and it's great cash revenue. And I think the
16 city has to become that. They have to
17 become -- and I see the city's nongaming
18 revenue growing dramatically --

19 CHAIR KASSEKERT: Uh-hum.

20 THE WITNESS: -- at a much higher rate
21 than the gaming revenues. And I think
22 that's -- that's what this city really should
23 be all about. So those things are all
24 positive. And a lot of those customers fit

Gomes

1 CHAIR KASSEKERT: Uh-hum. And you
2 talked a lot about the entertainment that
3 you've had coming. What sort of entertainment
4 or other promotions do you plan for the coming
5 year?

6 THE WITNESS: We'll, we're going to
7 continue with -- I want to increase ethnic
8 shows --

9 CHAIR KASSEKERT: Uh-hum.

10 THE WITNESS: -- shows that we do. And
11 we'll bring in the individual entertainers, the
12 stars, periodically.

13 CHAIR KASSEKERT: Anybody in particular
14 you're going after? Or --

15 THE WITNESS: Well, we're -- I don't
16 want to give my secrets to all the --

17 CHAIR KASSEKERT: Go on.

18 THE WITNESS: Especially over there.

19 (Laughter.)

20 FROM THE FLOOR: I didn't quite get
21 that.

22 (Laughter.)

23 THE WITNESS: Because they'll take them
24 from me.

Gomes

1 THE WITNESS: But we're looking at some
2 pretty strong ones. And the one thing I really
3 liked were some of the -- like the Chicago
4 tribute band --

5 CHAIR KASSEKERT: Uh-hum.

6 THE WITNESS: -- wasn't an expensive
7 process, but that -- that band got, like, ten
8 standing ovations, and the customers absolutely
9 loved it. And so we want to do more of those
10 kinds of things, too.

11 And the circus, if that works. I was
12 watching some of the acts. Not the naked
13 circus acts.

14 (Laughter.)

15 CHAIR KASSEKERT: Of course.

16 THE WITNESS: My wife won't let me do
17 that.

18 (Laughter.)

19 THE WITNESS: But -- but the other acts
20 were absolutely phenomenal. And there's one
21 act in particular that we're trying to get for
22 this that comes out of China that's the most
23 spectacular thing anybody's ever seen. But
24 some of these other ones are just amazing. And

these are young -- people from all over the

Gomes

1 country. Some from foreign countries, but some
2 from Hawaii and others that do things that are
3 just unbelievable. And just from seeing that,
4 I think the circus is going to be very, very
5 successful.

6 CHAIR KASSEKERT: I notice the beach --
7 with the replenishment, the beach is getting
8 wider down there.

9 THE WITNESS: Yeah. Yeah.

10 CHAIR KASSEKERT: Which is great. And
11 you mentioned, you know, discussions about a
12 beach bar. Any other particular plans to
13 utilize the beach as an attraction?

14 THE WITNESS: Yeah. We're -- eventually
15 what I'd like to do, there's a company talking
16 to us about building out there, and because we
17 have the pier rights, we can --

18 CHAIR KASSEKERT: Yeah.

19 THE WITNESS: -- actually build on the
20 beach. And if this particular company came in
21 and did this, it would be a phenomenal
22 addition.

23 CHAIR KASSEKERT: Uh-hum.

24 THE WITNESS: It would be a -- it would

be an all-year, all-weather beach bar with

Gomes

1 glass because they talked about of that these
2 concepts. With glass that goes all the way
3 around it during inclement weather and during
4 the winter that comes down, and it would still
5 be utilized all winter long. And during the
6 summer, it would go up and be all open.

7 CHAIR KASSEKERT: Uh-hum.

8 THE WITNESS: So I think that would be a
9 great thing, too. And also, this circus venue
10 that they refer to as a pavilion holds
11 approximately 2,000 people. So in addition to
12 the circus, we plan on doing a lot of concerts
13 in there, too.

14 CHAIR KASSEKERT: It's good to see
15 something on that lot.

16 THE WITNESS: Yeah.

17 CHAIR KASSEKERT: Because that's
18 lot's --

19 THE WITNESS: Yeah.

20 CHAIR KASSEKERT: -- been empty.

21 THE WITNESS: Yeah.

22 CHAIR KASSEKERT: -- for a long time.

23 So.

24 THE WITNESS: Yeah. Yeah. And, also,

Gomes

1 festivals they want to use that for. So I
2 think there's a lot of legs for that.

3 CHAIR KASSEKERT: So you think the tent
4 might become more of a permanent structure?

5 THE WITNESS: Yeah. Hoping to.

6 CHAIR KASSEKERT: Great.

7 Ask -- Mr. Fanelle, any questions?

8 Commissioner Harrington?

9 COMMISSIONER HARRINGTON: I have a
10 couple. Thank you.

11 You know, to -- I was happy to hear your
12 enthusiasm for Revel's opening, and I know the
13 camaraderie among leaders in the industry in
14 Atlantic City.

15 As we move forward with, you know,
16 destination market for Atlantic City and the
17 governor's vision, I know that you've worked
18 with some of your colleagues to bring unusual
19 or unique entertainment and talent to the city.
20 Are there plans in the future to do more of
21 that? I know you were principally involved in
22 bringing the rodeo --

23 THE WITNESS: Yeah.

24 COMMISSIONER HARRINGTON: -- which was a

Gomes

1 THE WITNESS: Yeah. It's funny. We
2 just put the rodeo tickets up for sale early.
3 And the tickets were already selling. That was
4 a phenomenal success. About 17,000 people.
5 And at first -- I remember the first time I
6 ever mentioned it, people looked at me like I
7 had two heads. But growing up as a child, it
8 was such an experience for me, and I've talked
9 to families that -- whose kids were able to
10 come to this and experience it, and they said
11 it was amazing, that their kids just loved it.
12 And so that's -- we're bringing that back.

13 We did the CDA golf tournament, amateur
14 golf tournament, and it was successful but
15 small. But and we utilized all the golf
16 courses in the area. And our goal is to -- in
17 the next one is to expand that even more, and
18 our ultimate goal is to be one of the largest
19 amateur golf tournaments in the country. So
20 we're doing that. And that's a citywide thing.

21 We're talking about some citywide music
22 festivals that sound pretty phenomenal, too.
23 Which, as opposed to putting it way out in
24 Bader Field, there would be along the beaches.

So we'd have the people all right here in the

Gomes

1 city where their food and beverage revenue, for
2 the most part, would come from the hotels and
3 the local restaurants and things. So that you
4 get more benefit from that.

5 And there's other initiatives, sports
6 initiatives, like we're discussing the Olym --
7 the beach sort of world championship beach
8 volleyball thing. And that would be a citywide
9 thing. We're discussing those things.

10 And there's a lot of other options that
11 we're talking about because we think that's
12 also the answer. I think there's a place
13 for -- for family entertainment and things that
14 would attract families. I don't particularly
15 think that things that focus on children are
16 good to mix with gaming, but family stuff
17 includes a wide variety of things like the
18 circus and things that I think are good.

19 COMMISSIONER HARRINGTON: Okay. Sort of
20 a tangent or tangential to that is the money
21 that had been used as public purse supplements
22 that is that's now coming back to marketing in
23 Atlantic City. And I guess the Alliance is
24 principally --

THE WITNESS: Yes.

Gomes

1 COMMISSIONER HARRINGTON: -- responsible
2 or will be for that.

3 THE WITNESS: Yeah. What -- yeah.
4 We've having great discussions, I think with
5 the CRD and with the Governor's office. And
6 that relationship, I think, is going to work
7 out well. We're -- we've also provided some
8 master planning suggestions for them. But, I
9 think, ultimately the way it's going to work
10 out is that the CRDA is going to be responsible
11 for the master plan. And I think maybe that's
12 the way it should be along with -- with
13 casinos' input. But I think the way it is
14 probably going to work out is that the casinos'
15 association with this -- actually, the
16 Alliance, which is a public/private partnership
17 that the casinos will control, will spend the
18 money and set the strategies in terms of the
19 marketing with using that money to market. And
20 I think that will work out well, too.

21 COMMISSIONER HARRINGTON: Okay. And
22 this might be a more appropriate question for
23 our next witness, but you've spoken about a lot
24 of your capital investment, capital

expenditures, and we know that Mr. Bailey has

Gomes

1 extended his commitment for that.

2 THE WITNESS: Uh-hum.

3 COMMISSIONER HARRINGTON: Do you foresee
4 a need to go beyond 2013? Or --

5 THE WITNESS: Well, I think that --
6 look, there's always capital requirements that
7 is part of your capex as you go forward. The
8 most important thing was that tower, and I
9 think the ballroom was critical. And, to me,
10 the Asian gaming room was critical. We're now
11 ranked, I think, within the top three in terms
12 of Asian gaming rooms, and we started from
13 nothing, and so I thought that was critical.

14 Now, I don't think that the big
15 things -- unless we do something really big
16 like on that second floor, I think the big
17 initiatives that will generate revenue are
18 pretty much finished except creating
19 relationships with outside companies, strategic
20 relationships. And I think those will come.

21 Other than that, I think the capital
22 will just be your normal capex requirements to
23 maintain the building in perfect condition.

24 COMMISSIONER HARRINGTON: All right.

Gomes

1 THE WITNESS: All right.

2 CHAIR KASSEKERT: Thank you.

3 Anything -- anything on redirect?

4 Anything on recross?

5 MR. LEVENSON: No.

6 MS. RICHARDSON: No, thank you.

7 CHAIR KASSEKERT: You may step down, Mr.

8 Gomes.

9 THE WITNESS: Thank you.

10 CHAIR KASSEKERT: Thank you.

11 Miss Kaufman, you want to call your next
12 witness.

13 MS. KAUFMAN: Yes. But before I call
14 him, I just want to have an opening remark --

15 CHAIR KASSEKERT: Sure.

16 MS. KAUFMAN: -- on financial stability.

17 As you know, financial stability is the
18 ability to pay winning wagers, to pay your
19 taxes, to meet your operating expenses, to make
20 capital maintenance expenditures, and pay your
21 debts when due. Mr. Ebling, who I'll call up
22 next, was here with us in December and is with
23 us today to discuss financial stability.

24 Back in December when he was here, the

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1 based on projections. Mr. Ebling today will
2 talk about actual results as well as
3 projections.

4 CHAIR KASSEKERT: Okay.

5 MS. KAUFMAN: Mr. Ebling?

6 I will not be pouring your water,
7 though.

8 MR. EBLING: Okay.

9 (Laughter.)

10 MR. EBLING: I'm not going to drink his,
11 either.

12 (Laughter.)

13 CHAIR KASSEKERT: Mr. Ebling, Mr. Nance
14 will swear in.

15

16 TIMOTHY A. EBLING, was duly sworn to
17 testify in this matter.

18

19 MR. NANCE: Please state your name for
20 the record.

21 THE WITNESS: Timothy A. Ebling.

22 MR. NANCE: Thank you.

23 CHAIR KASSEKERT: You may proceed.

24 THE WITNESS: Thank you.

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1 DIRECT EXAMINATION BY MS. KAUFMAN:

2 Q. Could you state your title with DGMB?

3 A. Title is Vice President of Finance,
4 Chief Financial Officer.

5 Q. And could you tell us just a little
6 about your previous experience, particularly in New
7 Jersey.

8 A. I have approximately 28 years in the
9 gaming industry. I'm a CPA, and the majority of that
10 28 years has been spent in Atlantic City, about 20
11 over at the Sands Casino and Hotel. And various
12 financial positions, mostly Chief Financial Officer
13 and for a period of time General Manager of that
14 property.

15 Q. Thank you.

16 Let's start off by doing something we
17 all -- reminding you of your predictions. During your
18 testimony at the ICA hearing, you said that despite
19 the fact that GOP would be negative for the industry
20 and that revenues would continue to decline that
21 Resorts was going to focus on increasing its market
22 share of gaming revenue. Could you tell us how that
23 has turned out so far for you.

24 A. Well, in looking at the projections that

25 we did when we went through our due diligence, we, as

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1 well as all the other experts, believed that the
2 gaming industry in Atlantic City revenues would be
3 down during 2011. We looked at where Resorts stood in
4 that process, and over the previous couple of years,
5 we had seen that their market share had eroded. And
6 just trying to do the acid test to say would our
7 projections hold up, is how much revenue can we
8 produce and how much revenue can the facility produce?
9 So what we focused on was taking a look at increasing
10 the market share for Resorts. Through year to date --
11 and some of the year-to-date information I may talk
12 about is through May. Some of it is through June,
13 depending on upon how it's released. But year to date
14 we have increased our market share about a half a
15 percentage point. And what that really means is, if
16 you look at the gaming revenues, the gross gaming
17 revenues in the industry, the last report that was out
18 showed that the industry, as a whole -- without
19 Resorts, taking Resorts out of it -- was negative,
20 while Resorts itself was slightly positive. Maybe a
21 point, you know, or so positive. And the spread
22 between Resorts and the rest of the industry as a
23 whole without Resorts was about five points.

25 up revenues. And Mr. Gomes talked about a lot of

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1 different things that we were doing and what we had to
2 do to do that. So even if you looked at the industry
3 compared to Resorts on a net gross volume basis -- and
4 when I say "gross volume basis," I kind of use table
5 drop as opposed to table win because that takes the
6 fluctuation hold percentage out of it. Resorts was
7 just about break even on a year-over-yearly basis
8 while the rest of the industry was about four, five
9 points behind us being down. So while we had to spend
10 money, the rest of the industry had to spend money as
11 well. But we are -- on a year-over-year basis, our
12 results are better than the rest of the industry as a
13 whole.

14 Q. Okay. So in terms of -- as you know,
15 the -- only the first quarter results have been
16 published now. So going to the published results of
17 the first quarter, because that's where we have every
18 category reported, could you address that a little
19 more?

20 A. Yes. When you look at the profits, GOP
21 or gross operating profit, as it's reported to the
22 regulators, the -- for the first quarter, that is the
23 only one that is public. Now the second quarter, year
24 to date won't be public until August. But when you

25 compare us to the rest of the city, if you look at the

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1 industry without Resorts in it, their profits were
2 down about 14 percent. Resorts, the profits were up
3 about 24 percent. Now, it was still a negative
4 profit, but we had improved that bottom line or that
5 GOP line by about 24 percent.

6 So, as I mentioned earlier, and as Mr.
7 Gomes mentioned, there's a lot of costs associated
8 with driving that revenue, and we knew that. The goal
9 was to get people into the building, and there was
10 costs associated with that. Probably more costs than
11 what we had anticipated. You can only do so much in a
12 conference room before take over facilities. So we
13 had to -- once we get in on the ground floor, so to
14 say, understand what we had to spend, we spent a
15 little bit more than we would have liked, but we still
16 had an improvement of about 24 percent.

17 Q. Okay. And to touch on Commissioner
18 Harrington's question, if you had the information. Do
19 you know where those new customers are coming from?

20 A. Yeah. I mean, I can't go through
21 specifically, but they are coming from all over the
22 general geographic area. And we have seen some
23 inroads in almost every county, if you will, between
24 New Jersey, Pennsylvania, New York, as well as

25 Delaware. It's -- the buzz is what's creating that.

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1 So people want to show up because of all the things
2 that Mr. Gomes talked about that we've done between
3 the different outlets we've added, the food and
4 beverage that we've done, the different events that
5 we've done. So getting -- and from all those areas,
6 really what's important is what those 75,000 people do
7 with that information in creating that buzz and
8 bringing more back. That's the cheapest advertising
9 that you could get. It's probably the best
10 advertising that you can get. Because we do need new
11 customers. Everybody knows that Atlantic City needs
12 new customers.

13 And where we've done a lot is on the
14 nongaming revenues. And, again, comparing us in the
15 first quarter, our nongaming revenues, the cash
16 portion of that, we were up about 45 percent year over
17 year. The rest of the industry -- and the rest of the
18 industry, we may not agree on everything, but we agree
19 on that we have to really drive those type of
20 revenues, drive the amenities that are out there that
21 the other jurisdictions or the closer jurisdictions do
22 not have, and they did a good job. They were only up
23 about two or three percent. You know, we were up
24 about 45 percent. So we really focused on that, and

25 that's getting those people in the building.

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1 Q. Back in December you talked about cost
2 savings. And you made it clear that there would be
3 significant cost savings in certain areas. However,
4 those savings would be reinvested back into
5 operations. Dennis -- Mr. Gomes mentioned the Grand
6 Canyon that you were in. Can you talk about how that
7 Grand Canyon impacted what you had predicted on costs?

8 A. Well, again, in our due diligence before
9 we took over the facility, sitting in a conference
10 room, everything works on paper. It's not until you
11 get on the ground floor and you start talking to the
12 customers, you start talking to the people who work
13 there, and find out what are the issues and what are
14 the hurdles that we have to overcome? We went in with
15 a plan that could save money in a lot of different
16 areas, and we still have some plans that we continue
17 to work on to save money. But at the same time, we
18 realize that we have to create the event, as I like to
19 call it. Not the television show, but the event that
20 people want to come to and be here. And we -- by
21 doing that, there is a cost associated with that.
22 And, as I mentioned a little earlier, Mr. Gomes has
23 mentioned, the cost is a little higher than what we
24 had anticipated. We can't anticipate what the

25 customers' issues are until we talk with them. We

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1 definitely can't anticipate what our competitors are
2 going to do until they do it. You know, we think we
3 can and we try, but, you know, some things that hit us
4 and hurdles that we have to do, and we had to pay for
5 those hurdles. And that's where we are today.

6 Q. One interesting statistic that you had
7 mentioned is the increase in nongaming revenue,
8 particularly in the restaurants. But what I found
9 especially interesting was why the costs were so much
10 higher than you had anticipated.

11 A. Well, the interesting thing is, I
12 consider food and beverage as an amenity, as a
13 marketing tool. People are going to come here. I
14 worked in Pennsylvania at a casino in Pennsylvania,
15 and it was a stand-alone casino and was regional, but
16 one of the things we found out, if you didn't have a
17 good food and beverage product, people would leave.
18 So they'd come for two or three hours, and then they'd
19 leave to go eat, and they wouldn't come back. Okay?
20 So you want to keep them here for four, five hours,
21 six hours. So the best way to do that -- thinking of
22 what my mother told me, is feed them well. And that's
23 one of the things that we wanted to focus on, is
24 opening up those restaurants.

The prior operators did not have a

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1 buffet opened. They had it open maybe one day a week.
2 We opened it up seven days a week. We have a, you
3 know, crab and shrimp buffet, things to attract
4 people. So it's another form of advertising, another
5 form of amenity, but there's a cost associated with
6 that. And we wanted to try to be cute, and we made it
7 \$19.20. Okay? For the 1920s. Our food and beverage
8 gentleman is sitting here, and he has a heart attack
9 every time we say that. Because --

10 (Laughter.)

11 A. It obviously costs a lot more than
12 \$19.20 to operate that. So those are costs that we
13 had to do, we had to bear.

14 And, you know, the -- as Mr. Gomes
15 mentioned, the covers that go through there on a daily
16 basis are phenomenal, and 1700 a day, and on the
17 weekends 2, 3,000 you can get through there. So
18 there's a cost to that, and that's what's hitting us.

19 Q. As I mentioned, part of financial
20 stability is being able to make necessary capital and
21 maintenance improvements and expenditures. The
22 capital improvements that have happened thus far have
23 been discussed. How does that compare to what you
24 what you had planned to do, and you talked about when

25 you were here last time.

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1 A. Well, we pretty much are -- you know,
2 I'm happy to say, and we're right on what we had
3 planned on doing. And we've added a couple things,
4 some minor things. And Mr. Gomes talked about Torch,
5 which was not on the original capital plan. There was
6 some money spent on that. We did some other work on
7 our 24-hour operation. Prohibition was not
8 anticipated. We put some money into that. So that
9 was additional than what we had initially planned, but
10 it's working out very well for us from a publicity
11 standpoint as well as the people using it and the
12 gaming we're getting out of that. And so we are very
13 close to finishing up everything that we said we were
14 going to do and with a little bit added on top.

15 Q. And as the financial person, I know
16 Dennis had mentioned in response to the question about
17 that going through the end of 2013, whether that was
18 adequate. How do you feel about that?

19 A. Well, I feel it's extremely adequate.
20 And I'll say this -- and I think people are learning a
21 little bit more. I mean, I'm used to having a
22 five-year plan of what you're going to do. But I'll
23 tell you right now, people who planned in and spent
24 money in 2007 in any industry probably wished they had

25 it back right about now. So five-year plans are a

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1 little bit sketchy at this point in time. If you're
2 going to go out one year, two years -- maybe three
3 years, I think you're stretching it because this
4 industry has to be able to make changes on the fly.
5 And in doing that, there can be a grand plan, if you
6 will, but as far as exactly what we would be spending,
7 I think it's good in that two-to-three-time period.
8 To stretch it beyond that, I think, it would just be
9 darts in the dark.

10 Q. Okay. The last time you were here you
11 discussed at length the line of credit with Mr. Bailey
12 and how that was expected to work. Could you tell us
13 how that has worked in practice?

14 A. Yes. What has happened with that is we
15 go through our operations, our results with Mr.
16 Bailey, Mr. Jerome, and Dennis and myself and other
17 key employees and responsible people for the areas.
18 And then we have to do some forecasting as to what our
19 cash needs are going to be based upon the results.
20 And that is a very flowing operation and a very
21 flowing conversation that we're having constantly.
22 We're in contact with Mr. Bailey and Mr. Jerome on a
23 regular basis, and that has worked fine.

24 Q. And would you say that having that in

25 place just always gives you the cushion for whatever

Ebling - cross - Richardson

1 unexpected may occur?

2 A. Absolutely. It gives us a cushion.
3 It's not something that -- we actually try not to
4 focus on it. And I know that may sound weird. We try
5 to focus on what the operation is, what the operation
6 has to do, and that really becomes something that we
7 don't plan on it. It's more of a last-ditch
8 situation. That's where we are.

9 Q. As related to that, have you reviewed
10 the conditions that are in the draft resolution?

11 A. Yes, I have.

12 Q. And are they acceptable?

13 A. Yes, they are.

14 Q. And do you have anything else you'd like
15 to tell us today?

16 A. Not at this time.

17 (Laughter.)

18 MS. KAUFMAN: Thank you.

19 CHAIR KASSEKERT: Thank you.

20 Cross-examination?

21 MS. RICHARDSON: Thank you.

22

23 CROSS-EXAMINATION BY MS. RICHARDSON:

24 Q. Good morning.

You noted that profits have been up 24

Ebling - cross - Richardson

1 percent, but you're still at a negative GOP level
2 which is lower than what you had expected. Can you
3 describe for us any other changes that have been made
4 in response to those lower-than-expected results?

5 A. Well, on a regular basis, we take a look
6 at costs. Because you want to look at what the
7 benefit is for every dollar that you spend. We
8 continually do that on, you know, a daily, day-in and
9 day-out basis. But over the last month or so,
10 we've -- we took what we've learned more about the
11 facility. I mentioned earlier. Everything works in a
12 conference room on a piece of paper before we took
13 over. But we took a look at certain things that we
14 tried and did not work and how can we improve that?
15 And that being some revenue programs. But also some
16 of the costs that we were sinking into certain things.
17 Did it makes sense to continue doing that? Or should
18 we change that? We look at efficiencies. What is the
19 customer getting out of what we're spending? And if
20 we're spending over here, and it's really not
21 benefiting the customer, do we really have to continue
22 spending that? So that's an ongoing process, and we
23 keep going through that.

24 Q. And when would you expect Resorts to

25 achieve a positive cash flow?

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1 A. Well, we're looking for July and August
2 to be positive cash flows at this point in time. And,
3 you know, we had a very good 4th of July Weekend, and
4 some of the other indicators for July have been
5 decent. But we're still, you know, working. Still
6 working at it and trying to understand the business.
7 But that's what we're looking for.

8 Q. And you mentioned the credit line
9 agreement that you have with Mr. Bailey. And in 2011
10 you have obtained funding under that agreement;
11 correct?

12 A. That is correct.

13 Q. In what amounts so far?

14 A. The amounts so far -- the initial
15 funding was about \$5 million dollars for our cage
16 cash. And since then, I think we've taken about
17 another \$7 million in -- for operating purposes.

18 Q. And also under the funding agreement for
19 capital expenditures?

20 A. The funding agreement for capital
21 expenditures, so far I think we've taken about 7 -- a
22 little over \$7 million. 7.2 million.

23 Q. And the credit line is currently
24 unlimited; is that correct?

A. That is correct.

Ebling - cross - Richardson

1 Q. And what are the actual procedures for
2 requesting funding under the agreement?

3 A. Well, a little bit what I mentioned
4 before -- the actual procedures are that we would
5 request, and within 72 hours the money would be sent
6 to us. But it's a lot more detailed than that. As I
7 said, we talk about it. We project out 30, you know,
8 45 days what our cash needs are going to be. We
9 discuss 30 or 45 days out. If we think we're going to
10 need something at that point in time, and with Mr.
11 Jerome, Mr. Bailey, and then go through the processes
12 and update it on a weekly basis. How are we? Where
13 are we going? If we thought it was going to be X, and
14 now it's going to be Y or we thought it was going to
15 be X and now it's going to be less than X. So that's
16 a constant conversation that goes back and forth.

17 Q. And have there been any issues or
18 problems with funding requests that you've made so
19 far?

20 A. No.

21 Q. And Mr. Gomes described earlier some
22 planned capital expenditure projects in the next
23 couple of years. Where would DGMB Casino get the
24 funding for that?

A. Well, the first place we would look --

Ebling - cross - Richardson

1 and we did in our projections for 2012 and 2013, the
2 first place we would look is out of cash flow. And we
3 believe as we start to improve that that improvement
4 will continue, and we'll be able to do some of that
5 out of the initial cash flows that we will have in
6 2012 and 2013.

7 Q. And you also mentioned that the ICA
8 hearing, that there was a pending real estate tax
9 appeal. Can you update us on the status of that?

10 A. As Mr. Gomes has mentioned, we've been
11 in conversation with the City of Atlantic City.
12 They've been working with us. We've been going back
13 and forth with them. And it's just a continuing
14 conversation at this point. I believe we may even
15 have a meeting set for -- some time set within the
16 next week or so.

17 Q. Thank you.

18 MS. RICHARDSON: That's all the
19 questions I have.

20 CHAIR KASSEKERT: Thank you.

21 Continuing a little bit on Ms.
22 Richardson's line of questioning with respect
23 to your flexibility, you know, you expect a
24 positive cash flow, hopefully, in July and

August. You've got Mr. Bailey and his line of

Ebling

1 credit. Is there anything else built into
2 these plans should, God forbid, the worst
3 happen, you know, in terms of your flexibility
4 and what -- what would you do?

5 THE WITNESS: Well, again, we had the
6 line of credit. But it -- it's more -- as I
7 said, it's more detailed than that. Mr. Bailey
8 and Mr. Jerome are intimately involved with Mr.
9 Gomes and myself and how we fund the operation.
10 You know, God forbid, a catastrophic thing
11 happens that nobody can plan about, that's a
12 different thing. But we try to project out
13 what's going on. What we have to do, and what
14 changes do we have to make? And, you know, I
15 know from a gaming perspective, Mr. Gomes is
16 more involved in the gaming perspective. I
17 know there's been some publicity about some
18 properties having low-hold percentages and
19 things like that. That's not something that
20 we're interested at this point in time. So, as
21 I said, we like to believe that anything that
22 happens we kind of know it's going to happen
23 before it happens, and we will address it at
24 that point in time.

Ebling

1 little bit about the \$19.20 buffet, and I'm
2 sorry to make mention it again and make you
3 more nervous.

4 (Laughter.)

5 CHAIR KASSEKERT: Do you find that that
6 is a better way to market in terms of doing
7 that versus a straight-out comp? Is it better
8 to offer lower prices? I know Mr. Gomes talked
9 a little bit about the cash -- cash for the
10 hotel rooms. Is it better to offer a lower
11 price versus an outright camp -- comp?

12 THE WITNESS: Well, the thing is, in
13 order to offer a comp to somebody, you have to
14 know who they are.

15 CHAIR KASSEKERT: Uh-hum.

16 THE WITNESS: Okay? I mean, it's
17 simple. You know, that's simple math there.
18 One of the issues we have -- in all of Atlantic
19 City, it's not just us -- we need people who we
20 don't know who they are. Okay? So how do you
21 get people that you don't know who they are?
22 You throw a billboard out there. You throw
23 advertising out there that says, we'll feed you
24 for \$19.20, and we'll make you hope that way.

We'll give you a room for X dollars. Now I've

Ebling

1 got people who I don't know who they are.
2 We're going to have a circus. Okay? So come
3 and see our circus and then stop in our
4 building.

5 Which, by the way, thanks to Mr. Gomes,
6 I can now validate everything I've told my
7 friends all these years, that I do work in a
8 circus environment, but --

9 (Laughter.)

10 THE WITNESS: But -- but that being
11 said, is that -- those promotions and all of
12 the things that Mr. Gomes comes up with and --
13 he comes up with a lot that we haven't talked
14 about because sometimes we talk him down off
15 the ledge.

16 (Laughter.)

17 THE WITNESS: But he'll burst in your
18 office and say, what do you think about this?
19 And you're serious; right? Okay. But
20 anyway --

21 (Laughter.)

22 THE WITNESS: But that's what you need.
23 And that's the beauty of working with Mr.
24 Gomes, because we have to work get people who

we don't know who they are. And that's the

Ebling

1 only way that you get them. And then cultivate
2 them after that.

3 CHAIR KASSEKERT: Thank you.

4 Questions from the commissioners?

5 COMMISSIONER HARRINGTON: No.

6 VICE CHAIR FANELLE: No.

7 CHAIR KASSEKERT: Anything on redirect?

8 MR. LEVENSON: No.

9 MS. KAUFMAN: No.

10 CHAIR KASSEKERT: Anything on recross?

11 MS. RICHARDSON: No. Thank you.

12 THE WITNESS: Thank you.

13 CHAIR KASSEKERT: You may step down.

14 Thank you.

15 Any other witnesses?

16 MR. LEVENSON: That's the two witnesses
17 that we have to present to you this morning,
18 Madame Chair.

19 CHAIR KASSEKERT: Thank you.

20 We will now move to closing statements.

21 MS. RICHARDSON: Thank you, Chair.

22 Through its investigation, the Division
23 has reviewed the qualifications of DGMB Casino,
24 Gomes Gaming New Jersey, and their related

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1 financial stability of DGMB casino.

2 Based on that investigation, our
3 comprehensive report submitted to the
4 Commission, and the testimony I've heard today,
5 the Division submits that the Applicants have
6 established that they meet the statutory
7 criteria to be granted casino licenses and
8 their holding companies and any qualifiers,
9 individual qualifiers, and financial sources
10 should be plenary qualified under the Act.

11 While DGMB Casino has not yet turned
12 around operations as it forecasted at ICA, it
13 remains focused on its plans to do so. DGMB
14 Casino also has the backup financial commitment
15 of Morris Bailey to help it meet its goals and
16 to comply with the proposed license conditions.

17 The Division, therefore, recommends that
18 the Commission grant casino licenses to DGMB
19 Casino and Gomes Gaming New Jersey subject to
20 the conditions set forth in our report which
21 have been included in the draft resolution.

22 And, Chair, I'd just like to take a
23 moment to thank the Commission and Mary Wozniak
24 for her work on this item and for preparation

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1 We also thank the Applicants and their
2 counsel for their cooperation throughout the
3 investigation.

4 And I'd also like to give special thanks
5 to Mary Jo Flaherty, Supervising Investigator
6 Mike Iannoccone, and all the investigators who
7 worked on these matters, as well as Bob
8 Latimer, Chris Glaum, and Bill McCue for all
9 that they did to bring this matter to
10 completion to you before you well in advance of
11 the ICA expiration date. And we certainly
12 couldn't have submitted our reports to you
13 without all their efforts.

14 Thank you.

15 CHAIR KASSEKERT: Thank you.

16 Mr. Levenson?

17 MR. LEVENSON: Well, I'm going to
18 violate something I was told 30 years ago,
19 which was when you stand well, stand still.
20 With that kind of recommendation, there isn't
21 much to say.

22 Other than, Mr. Gomes took over in
23 December. What a month to take over a casino
24 hotel property, in December, which is

historically a horrible month. And going into

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1 January and February are not much better. What
2 they've done, I believe, in the last seven
3 months is remarkable. And that the revenues,
4 both gaming and nongaming, are improving under
5 the leadership day to day of Dennis and the
6 staff that was introduced with the financial
7 help and input of Mr. Bailey and Mr. Jerome.

8 You've heard about the various
9 entertainment initiatives, the room
10 renovations -- I mean, which always heard about
11 at Resorts, and the old tower was: You didn't
12 want to stay there. If you wanted to stay at
13 Resorts, go to the new tower. Well, now you
14 hear that the old tower has some 550 square
15 feet, which is in most hotels around a suite
16 size as opposed to a regular room size. The
17 theming and the costuming and all the rest of
18 the initiatives that have been undertaken thus
19 far in this short seven-month period of time in
20 some of the worst months that we have, as I
21 said, is remarkable.

22 We request, therefore, our license.
23 And, hopefully, you will agree with the
24 recommendation of the Division of Gaming

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1 We also, without going through all the
2 names, if you would excuse that, thank the
3 Casino Control Commission staff who work very
4 closely with the Division of Gaming Enforcement
5 and the leadership of our new Acting Director
6 of the DGE, Mr. Rebuck, who has been nothing
7 but a pleasure to work with. We thank
8 everybody from the Division and Commission.

9 And, quite frankly, we thank Dennis and
10 Mr. Bailey and Mr. Jerome for the confidence in
11 Atlantic City. Because without their
12 confidence, Resorts would be closed by now.

13 Thanks.

14 CHAIR KASSEKERT: Thank you very much.

15 Let me ask if there are any other
16 matters that need to be brought to our
17 attention at this time?

18 Ms. Richardson?

19 MS. RICHARDSON: No.

20 CHAIR KASSEKERT: Okay. Recess?

21 COMMISSIONER HARRINGTON: Sure.

22 CHAIR KASSEKERT: Okay. We'll take a
23 brief recess.

24 (A recess was taken from 12:07 to 12:14

25

p.m.)

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1 CHAIR KASSEKERT: We'll go back on the
2 record.

3 Thank you.

4 In December of the last year, DGMB
5 Casino sought interim casino authorization
6 pursuant to NJSA 5:12-95.12, et seq., and we
7 granted ICA for a period of nine months. Since
8 then, Mr. Gomes and his team has begun the
9 process of repositioning the property to the
10 advantage of something others may have seen as
11 a disadvantage; it's age. Where else would you
12 go to create a Roaring '20s theme than in a
13 building that was here in the 1920s. You can
14 almost see some of the characters from
15 "Boardwalk Empire" walking the halls there.
16 Even though Mr. Gomes does bear a distinct
17 resemblance to Nucky Thompson.

18 (Laughter.)

19 CHAIR KASSEKERT: Back then --

20 This is why I shouldn't go off the
21 record.

22 (Laughter.)

23 CHAIR KASSEKERT: Back then Haddon Hall
24 was a place where Flappers danced and the

rumrunners conspired. Mr. Gomes is trying to

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1 recapture some of that mystique through the --
2 throughout the property, and we heard the
3 testimony in December some of Mr. Gomes' plans,
4 and some of those plans have come to fruition
5 today, and we have seen the beginnings of great
6 success with his efforts. And we certainly
7 hope and believe that his efforts will be even
8 more successful as time goes on. Over the
9 years, both here and other jurisdictions, Mr.
10 Gomes has shown a certain flair for marketing,
11 something that will be a great asset not only
12 to this licensee but to all of Atlantic City.

13 In today's proceeding, it is the
14 Applicants' burden to demonstrate to the
15 Commission by clear and convincing evidence
16 that they meet each qualification standard
17 enumerated in the Casino Control Act.

18 The Division of Gaming Enforcement has
19 reported on the plenary qualification of the
20 Applicants and their various qualifying
21 entities, individuals, and financial sources.
22 Based on that report and the entire record of
23 these proceeding, including today's testimony,
24 I'm satisfied that the Applicants have met

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1 qualification.

2 I would, therefore, move that we adopt
3 the last draft resolution and issue a casino
4 license to each of the DGMB and Gomes Gaming
5 based upon the findings and rulings and subject
6 to the conditions specified therein.

7 And I would also move that we approve
8 the -- the sealing request as put forth by the
9 parties.

10 I, therefore, move. Is there a second?

11 COMMISSIONER HARRINGTON: Second.

12 CHAIR KASSEKERT: Motion has been made
13 and seconded. This a roll call vote.

14 MR. NANCE: Commissioner Harrington?

15 COMMISSIONER HARRINGTON: Yes.

16 MR. NANCE: Vice Chair Fanelle?

17 VICE CHAIR FANELLE: Yes.

18 MR. NANCE: Chair Kassekert?

19 CHAIR KASSEKERT: Yes.

20 MR. NANCE: The record will reflect that
21 the motion is unanimous.

22 CHAIR KASSEKERT: Thank you.

23 COMMISSIONER HARRINGTON: Thank you.

24 MR. NANCE: In accordance with

1 session of the Commission shall be held on
2 Wednesday, August 10th, 2011, at 9:30 a.m. in
3 the Commission offices.

4 It is now -- I'm sorry.

5 MS. FAUNTLEROY: If I could put a brief
6 disclosure on the record.

7 CHAIR KASSEKERT: Sure.

8 MS. FAUNTLEROY: During the course of
9 the proceedings, Daryl Nance received a
10 handwritten note from Mark Renzi, who is the
11 owner of Renzi Shorthand, who recently acquired
12 AC Court Reporting. Darlene Stilletto [sic]
13 has been a long-time reporter for the Casino
14 Control Act proceedings. Mr. Renzi disclosed
15 that Guy Renzi, Vice President of Gomes Gaming,
16 is his brother. He was unaware that that
17 matter was on today's agenda for proceedings
18 and asked whether it was a conflict for his
19 newly acquired company to continue transcribing
20 the proceedings.

21 On -- on basis of those circumstances, I
22 do not believe that there is a conflict in
23 appearance or in fact, but I figured it was
24 appropriate to disclose that on the record.

1 CHAIR KASSEKERT: Thank you. Appreciate
2 that, General Counsel.

3 MR. RENZI: Madame Chair, may I make one
4 correction?

5 CHAIR KASSEKERT: Sure.

6 MR. RENZI: Atlantic City Court
7 Reporting is not an acquisition of Guy J.
8 Renzi, & Associates. We work in affiliation
9 with them. Darlene Sillitoe, an individual
10 contractor court reporter, is here on behalf of
11 Guy J. Renzi & Associates.

12 MS. FAUNTLEROY: Thank you for that.

13 CHAIR KASSEKERT: Thank you for the
14 clarification.

15 Mr. Nance?

16 MR. NANCE: It is now time for the
17 public participation portion of the meeting.

18 CHAIR KASSEKERT: Is there anyone from
19 the public that wishes to be heard?

20 (No response.)

21 CHAIR KASSEKERT: Seeing no one, I'll
22 declare this portion of the meeting closed and
23 entertain a motion to adjourn.

24 COMMISSIONER HARRINGTON: So moved. Or

1 (Laughter.)

2 VICE CHAIR FANELLE: Second.

3 CHAIR KASSEKERT: The motion has been

4 made and seconded. All in favor?

5 (Ayes.)

6 CHAIR KASSEKERT: Opposed?

7 (No response.)

8 CHAIR KASSEKERT: The motion carries.

9 (Public Meeting 11-07-13 was adjourned

10 at 12:18 p.m.)

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C E R T I F I C A T E

I, DARLENE SILLITOE, a Certified Court Reporter and Notary Public of the State of New Jersey, certify that the foregoing is a true and accurate transcript of the proceedings.

I further certify that I am neither attorney, of counsel for, nor related to or employed by any of the parties to the action; further that I am not a relative or employee of any attorney or counsel employed in this case; nor am I financially interested in the action.

DARLENE SILLITOE CCR

License No XI01023

Dated: July 17, 2011
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July 22, 2014
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